



## **Annual Financial Impact Report Required by ORS 457.460**

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### **Introduction**

The City of Forest Grove adopted the Forest Grove Urban Renewal Plan principally to promote public and private investment within the City's downtown area and along the Pacific Avenue/19<sup>th</sup> Avenue commercial corridor. The Urban Renewal Plan authorizes projects intended to increase property tax revenue to the benefit of all taxing districts after completion of the urban renewal plan.

Urban renewal agencies in Oregon receive revenue for projects through the division of property taxes. When an urban renewal plan is adopted, the county assessor tallies the taxable assessed value for property within the urban renewal area. This is called the "Frozen Base." The urban renewal agency receives most of the property tax revenue from the taxable value of property above the frozen base. This called the division of taxes and continues until the urban renewal plan is completed. The revenue received from the division of taxes is used to repay bonded indebtedness and contractual obligations incurred to complete the urban renewal projects.

Oregon Revised Statutes Chapter 457.460(1)(e) requires an annual "analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts" subject to the division of taxes. This report fulfills this requirement.

The complete text of ORS 457.460(1)(e) is attached at the end of this report for reference.

### **Agency Contact**

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## Analysis of Impact on Taxing Districts

In Fiscal Year 2019-2020 the Forest Grove Urban Renewal Plan had a total property tax levy impact on affected taxing districts of **\$437,429.10<sup>1</sup>**. Table 1 below shows the impact of the division of taxes for Fiscal Year 2019-2020 on each taxing district overlapping the Forest Grove Urban Renewal Area based on the taxing districts permanent tax rate. The division of taxes for the Forest Grove Urban Renewal area is based on the permanent tax rate only. The Forest Grove Urban Renewal Agency received no revenue from the issuance of debt during Fiscal Year 2019-2020.

**Table 1: ORS 457.460(1)(a)**  
**Division of Property Taxes for Urban Renewal**  
**Analysis of Impact to Overlapping Taxing Districts**  
**FY 2019-2020**

<b>Taxing District</b>	<b>Total Property Taxes Imposed<sup>2</sup></b>	<b>Permanent Tax Rate<sup>3</sup></b>	<b>Permanent Tax Rate as Percentage of Total Rate</b>	<b>Estimate of Urban Renewal Taxes Divided<sup>4</sup></b>
City of Forest Grove	\$6,893,016.83	\$3.9554	33.51%	\$146,580.51
Washington County	\$150,510,703.76	\$2.2484	19.05%	\$83,321.95
Forest Grove School District	\$13,589,136.75	\$4.9142	41.63%	\$182,112.04
Portland Community College	18,816,254.99	\$0.2828	2.40%	\$10,480.10
NW Educational Service District	\$10,126,601.31	\$0.1538	1.30%	\$5,699.57
Port of Portland	\$4,689,622.29	\$0.0701	0.59%	\$2,597.79
Metro	\$6,048,592.84	\$0.0966	0.82%	\$3,5798.83
Tualatin Soil and Water Conservation District	\$5,519,880.28	\$0.0836	0.70%	\$3,057.31
<b>Total</b>	<b>\$210,673,928.77</b>	<b>\$11.8038</b>	<b>100.00%</b>	<b>\$437,429.10</b>

The amount of property tax divided results from the incremental taxable assessed value of property within the urban renewal area. Table 2 below shows the annual taxable assessed value of property within the urban renewal area since the Forest Grove Urban Renewal Plan was adopted in 2014.

Table 3 shows the actual amount of tax increment revenue divided annually since adoption of the urban renewal plan.

<sup>1</sup> Washington County Assessment and Taxation, Summary of Assessment and Tax Roll, 2019-2020, SAL Table 5, p. 118.

<sup>2</sup> Within Washington County, Source: Washington County Assessment and Taxation, Summary of Assessment and Tax Roll 2019-2020, Table 4a, Line 28, Detail of Taxing District Levies, Tax Year 2019-20

<sup>3</sup> The permanent tax rate is imposed by Measure 5 and does not include the tax rate computed for bonded indebtedness. The permanent tax rate is used for division of taxes.

<sup>4</sup> Based on Tax Rate percentage

**Table 2**  
**Incremental Taxable Assessed Value**  
**Forest Grove Urban Renewal Area**

	<b>FY 2014-2015</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>	<b>FY 2019-2020</b>
<b>Incremental Taxable Assessed Value</b>	\$0	\$2,087,388	\$8,969,352	\$12,685,207	\$18,475,184	\$33,399,932

**Table 3**  
**Amount of Tax Increment Revenue Divided**  
**FY 2015-2016 to FY 2020-2021**

<b>Fiscal Year</b>	<b>Tax Increment Revenue From Property Taxes</b>	<b>Property Tax Prior Years</b>	<b>Total Property Tax Increment Revenue</b>	<b>Actual Amount of Tax Increment Revenue Divided</b>
2015-2016	\$27,917	\$0	\$27,917	\$27,916.83
2016-2017	\$114,068	\$569	\$114,636	\$119,764.42
2017-2018	\$162,099	\$1,329	\$163,428	\$170,066.54
2018-2019	\$236,546	\$2,646	\$239,192	\$246,871.96
2019-2020	\$418,895	\$6,110	\$425,005	\$437,429.10
<b>Total</b>	<b>\$959,525</b>	<b>\$10,654</b>	<b>\$970,178</b>	<b>\$1,002,048.85</b>

### Maximum Indebtedness Analysis

ORS 457.460(1)(e) requires a statement of maximum indebtedness included in the adopted urban renewal plan and indebtedness incurred through the preceding fiscal year. As shown on the table below, the maximum indebtedness for the Forest Grove Urban Renewal Plan is \$15 million. Total debt incurred through Fiscal Year 2019-2020 is \$2,062,1561.

**Table 4**

<b>Maximum Indebtedness</b>	<b>Borrowed to Date</b>	<b>Agency Obligations</b>	<b>Total Borrowed and Agency Obligations</b>	<b>Borrowing Capacity Remaining</b>
\$15,000,000	\$2,062,561	\$181,775	\$2,244,336	\$12,755,664

In addition to the debt incurred the Forest Grove Urban Renewal Agency has obligated funds through contracts and agreements to carry-out urban renewal projects. These obligations are shown below in Table 5.

**Table 5**  
**Urban Renewal Agency Obligations**

<b>Urban Renewal Plan Projects</b>	<b>Amount Obligated Through June 30, 2020</b>
Jesse Quinn Project (Loan Repayment)	\$2,062,561.00
Program Administration	\$27,994.00 <sup>5</sup>
Town Center Storefront Improvement Grant Program	\$93,296.00
Town Center Streetscape: 21 <sup>st</sup> Avenue Festival Street	\$49,985.00
Town Center Streetscape: Banner Poles	\$0.00
Town Center Public Art Installation Program	\$8,000.00
Town Center Parklet Program	\$2,500.00
Redevelopment Project Assistance (Site B)	\$0.00
Interior Building Improvement Project	\$0.00
Land Acquisition <sup>6</sup>	\$0.00
Sustainability Incentive Program	\$0.00
Funds for Matching Grant Opportunities	\$0.00
<b>TOTAL</b>	<b>\$2,244,336.00</b>

### **Statement of Purposes and Amounts for Moneys Received**

ORS 457.460(1) (b) requires a statement of purposes and amounts for which any moneys received under ORS 457.420 to 457.470 and from indebtedness incurred under ORS 457.420 to 457.470 were expended during the preceding fiscal year. The table below show actual expenses for activities undertaken by the Urban Renewal Agency for the preceding Fiscal Year (FY 2019-2020).

**Table 6**  
**Forest Grove Urban Renewal Agency**  
**FY 2019-2020 Expenses<sup>7</sup>**

<b>Expense Code</b>	<b>Description</b>	<b>Budgeted</b>	<b>Actual</b>
6080	Miscellaneous	\$0	\$0
6125	Public Information	\$0	\$563
6135	Memberships (OEDA)	\$250	\$250
6200	Intergovernmental Services	\$9,683	\$9,728
6295	Attorney Services	\$6,000	\$0
6305	Professional Services	\$54,000	\$0
6325	Financial Services/Auditing	\$3,700	\$3,350
6425	Storefront Improvement Grants	\$20,000	\$40,229
6426	Public Art and Other Projects	\$30,000	\$8,000
6430	Undesignated Projects	\$55,258	\$0

<sup>5</sup> Includes attorney fees, auditing expenses and membership in the Oregon Economic Development Association

<sup>6</sup> The Urban Renewal Agency borrowed funds from the City to purchase the former Times-Litho site. The Times-Litho site includes the Jesse Quinn Apartments property and adjacent Site B. This cost is included in the debt repayment line item.

<sup>7</sup> City of Forest Grove Finance Department

6900	Emergency Assistance	\$0	\$127,519
	Debt Service	\$335,673	\$335,673
	Capital Outlay	\$0	\$0
	Total	\$674,564	\$674,564

### FY 2020-2021 Adopted Budget

ORS 457.460(1)(c) requires an estimate of moneys received during the current fiscal year through the division of taxes and from indebtedness. The adopted Forest Grove Urban Renewal Agency budget for the Fiscal Year 2020-2021 is shown below. Total Urban Renewal Agency resources are estimated to total \$437,713 from division of taxes and \$2,200 from interest earnings. The Urban Renewal Agency does not intend to issue debt during Fiscal Year 2020-2021.

**Table 7**  
**Adopted 2020-2021 Budget**

		850 URBAN RENEWAL AGENCY					
URA RESOURCES		2017-18 Actual	2018-19 Actual	2019-20 Adopted	2020-21 Proposed	2020-21 Approved	2020-21 Adopted
<b>PROPERTY TAXES</b>							
4000	Property Taxes	162,099	236,546	320,000	434,963	434,963	434,963
4020	Prior Years Property Taxes	1,329	2,646	2,750	2,750	2,750	2,750
<b>TOTAL PROPERTY TAXES</b>		<b>163,428</b>	<b>239,192</b>	<b>322,750</b>	<b>437,713</b>	<b>437,713</b>	<b>437,713</b>
<b>INTERGOVERNMENTAL REVENUE</b>							
4123	CARES Reimb. - Washington County	0	0	0	0	0	0
<b>TOTAL INTERGOVERNMENTAL REVENUE</b>							
<b>MISCELLANEOUS REVENUE</b>							
4700	Sale of Property	100	0	0	0	0	0
4700	Interest	3,121	7,433	9,000	2,200	2,200	2,200
4716	Proceeds from Debt Issuance	0	0	0	0	0	0
	Other Financing Sources			0		0	0
<b>TOTAL MISCELLANEOUS REVENUE</b>		<b>3,221</b>	<b>7,433</b>	<b>9,000</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>
<b>FUND BALANCE AVAILABLE</b>							
4900	Fund Bal Avail For Approp.	90,807	190,461	342,814	212,389	338,917	338,917
<b>TOTAL URA RESOURCES</b>		<b>257,456</b>	<b>437,086</b>	<b>674,564</b>	<b>652,302</b>	<b>778,830</b>	<b>778,830</b>

		2017-18	2018-19	2019-20	2020-21	2020-21	2020-21
URA EXPENDITURES		Actual	Actual	Adopted	Proposed	Approved	Adopted
<b>MATERIALS &amp; SERVICES</b>							
6080	Miscellaneous	176	0	0	0	0	0
6125	Public Information	222	197	0	0	0	0
6135	Memberships	0	0	250	250	250	250
6200	Intergovernmental Services	5,238	5,078	9,683	10,028	10,028	10,028
6295	Attorney Services	708	0	6,000	15,000	15,000	15,000
6305	Professional Services	0	3,300	54,000	60,000	60,000	60,000
6325	Financial Services, Auditing, Invest	3,090	3,622	3,700	3,700	3,700	3,700
6425	Storefront Improvement Grants	16,309	36,758	20,000	20,000	20,000	20,000
6426	Public Art and Other Projects		0	30,000	30,000	30,000	30,000
6430	Undesignated Projects	0	689	55,258	194,633	321,161	321,161
6900	Emergency Assistance	0	0	26,000	0	0	0
<b>TOTAL MATERIALS &amp; SERVICES</b>		<b>25,743</b>	<b>49,644</b>	<b>204,891</b>	<b>333,611</b>	<b>460,139</b>	<b>460,139</b>
<b>DEBT SERVICE</b>							
8014	Principal	0	0	294,421	282,988	282,988	282,988
8114	Interest	41,252	41,252	41,252	35,703	35,703	35,703
<b>TOTAL DEBT SERVICE</b>		<b>41,252</b>	<b>41,252</b>	<b>335,673</b>	<b>318,691</b>	<b>318,691</b>	<b>318,691</b>
<b>UNAPP FUND BALANCE</b>							
8450	Unapp Fund Balance	0	0	134,000	0	0	0
<b>TOTAL URA EXPENDITURES</b>		<b>66,995</b>	<b>90,896</b>	<b>674,564</b>	<b>652,302</b>	<b>778,830</b>	<b>778,830</b>

## ORS 457.460

### **457.460 Agency financial statement required; contents; notice; agency representative to consult with taxing districts.**

(1) Not later than January 31 of each year, an urban renewal agency shall prepare a statement, on the same basis on which its financial statements are prepared, containing:

(a) The amount of moneys received during the preceding fiscal year under ORS 457.420 to 457.470 and from indebtedness incurred under ORS 457.420 to 457.470;

(b) The purposes and amounts for which any moneys received under ORS 457.420 to 457.470 and from indebtedness incurred under ORS 457.420 to 457.470 were expended during the preceding fiscal year;

(c) An estimate of moneys to be received during the current fiscal year under ORS 457.420 to 457.470 and from indebtedness incurred under ORS 457.420 to 457.470;

(d) A budget setting forth the purposes and estimated amounts for which the moneys that have been or will be received under ORS 457.420 to 457.470 and from indebtedness incurred under ORS 457.420 to 457.470 are to be expended during the current fiscal year;

(e) The maximum indebtedness for each urban renewal area included in an urban renewal plan of the agency, including the amount of indebtedness incurred through the end of the immediately preceding fiscal year; and

(f) An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430.

(2)(a) The statement required by subsection (1) of this section shall be filed with the governing body of the municipality and distributed to each taxing district affected by an urban renewal plan of the agency. Notice shall be published that the statement has been prepared and is on file with the municipality and the agency and the information contained in the statement is available to all interested persons. The notice shall be published once a week for not less than two successive weeks before March 1 of the year in which the statement is filed, in accordance with ORS 457.115. The notice shall summarize the information required under subsection (1)(a) to (e) of this section and shall set forth in full the information required under subsection (1)(f) of this section.

(b) A representative of the agency shall be available to consult with affected taxing districts and respond to questions. [1979 c.621 §23; 1991 c.459 §335c; 1997 c.541 §451; 2009 c.700 §8; 2019 c.580 §10]

## Urban Renewal Agency Goals



**Urban Renewal Agency  
Objectives and Work Plan FY 2020-2019**

# WORK PLAN 2019

URBAN RENEWAL AGENCY



## GOAL 1 – PROVIDE OPPORTUNITIES FOR PUBLIC PARTICIPATION IN THE PREPARATION AND ADOPTION OF URBAN RENEWAL PLANS, PLAN AMENDMENTS, AND POLICIES

OBJECTIVE	ACTION
1.1 Establish an Urban Renewal Advisory Committee.	Develop bylaws and form URAC. Consider disposition alternatives for Site B.

# WORK PLAN 2019

URBAN RENEWAL AGENCY



## GOAL 2 – ADOPT A PRUDENT ANNUAL BUDGET TO MINIMIZE FINANCIAL RISK TO THE URBAN RENEWAL AGENCY AND THE CITY OF FOREST GROVE

OBJECTIVE	ACTION
2.1 Establish policies to guide strategic financial investments in the urban renewal area based on public benefit, documented financial need, scale of the project, and accepted underwriting principles.	Amend URA plan to implement Town Center Program.
2.2 Evaluate tax increment revenue collections annually to minimize long term impacts to overlapping taxing districts.	Part of annual budget process.
2.3 Secure grant funding from regional, state, federal agencies, and private organizations to implement the urban renewal program and supplement tax increment revenue.	Pursue matching grants for Town Center Program.

# WORK PLAN 2019

## URBAN RENEWAL AGENCY



### GOAL 3 – IMPROVE THE LOCAL INVESTMENT CLIMATE BY REDUCING FINANCIAL BARRIERS TO DEVELOPMENT AND REDEVELOPMENT WITHIN THE URBAN RENEWAL AREA

#### OBJECTIVE

#### ACTION

- 3.1 Capitalize a program to reduce development costs to the extent necessary to encourage private investment for projects proving a public benefit and resulting in appreciation of property values and efficient use of vacant and underutilized land.

# WORK PLAN 2019

## URBAN RENEWAL AGENCY



### GOAL 4 – PROMOTE A VIBRANT FOREST GROVE TOWN CENTER THROUGH STRATEGIC URBAN RENEWAL INVESTMENTS

#### OBJECTIVE

#### ACTION

- 4.1 Establish a program to encourage the preservation, conservation, and adaptive reuse of designated and contributing historic resources through improvements to the exterior and interior of buildings.

Continue storefront improvement grant program.

- 4.2 In conjunction with the Economic Development Commission, assist business retention and expansion efforts in the Forest Grove Town Center.

- 4.3 Identify a location and assist with funding construction of a public gathering place in the Town Center.

Initiate festival street alternatives analysis and concept design.

# WORK PLAN 2019

## URBAN RENEWAL AGENCY



### GOAL 4 – PROMOTE A VIBRANT FOREST GROVE TOWN CENTER THROUGH STRATEGIC URBAN RENEWAL INVESTMENTS

OBJECTIVE	ACTION
4.4 Purchase property from willing sellers to implement the urban renewal program.	
4.5 Encourage the construction of needed housing and mixed use development in the Town Center.	
4.6 Encourage uses and amenities that support increased community uses in the Town Center.	Develop URA downtown installation art program. Develop and implement Parklet Pilot Program (1 Parklet).

# WORK PLAN 2019

## URBAN RENEWAL AGENCY



### GOAL 5 – PROMOTE COMMERCIAL AND MIXED-USE REDEVELOPMENT OF SITES ALONG THE PACIFIC AVENUE CORRIDOR

OBJECTIVE	ACTION
5.1 Establish incentives to encourage a mixture of land uses including retail, office, and housing at strategic locations along the Pacific Avenue corridor through the creation of nodal development.	
5.2 Work with the Economic Development Commission to market redevelopment opportunity sites to prospective developers.	